IRS ADOPTS COMMISSIONER'S ADVISORY GROUP SUGGESTIONS TO REDUCE UNAGREED SMALL CASES

The Internal Revenue Service acknowledges with appreciation recent recommendations made by the Commissioner's Advisory Group aimed at reducing the number of unagreed small cases resulting from its office examination and service center programs. After reviewing the suggestions, the IRS is taking the following actions:

- -- Over the next year, simplify the letters and notices informing taxpayers of adjustments and changes by office examination and service center programs, including Publication 5, "Appeal Rights and Preparation of Protests for Unagreed Cases."
- -- Use locator services early in the process to ensure correct taxpayer addresses.
- -- On a test basis at one service center, provide bar-coded address labels for taxpayers to use on their own envelopes if the information they wish to furnish does not fit into the return envelope currently provided.
- -- Test putting an appeals unit at a service center to facilitate the handling and processing of administrative appeals for docketed cases.
- -- Extend the time before issuing deficiency notices (90-day letters), to allow ample time to receive and associate taxpayers' replies to initial IRS letters and notices.
- -- On a test basis at one service center, the automated underreporter operation will telephone taxpayers to try and resolve the issues before sending a 90-day letter.
- -- Issue new procedures for service center programs to improve the handling of inquiries on 90-day letters.
- -- Revise Rev. Proc. 88-17 concerning rescission of 90-day letters to clarify that IRS may initiate the process without waiting for a taxpayer's request.

The IRS expects that these changes will increase the responsiveness and flexibility of its office examination and service center systems, making it more effective in dealing with taxpayers whose resolutions may need extra attention. The Commissioner's Advisory Group has provided a customer perspective that is invaluable to the IRS as it seeks to improve its service to American taxpayers.